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Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-10 ISO-00 NEA-10 IO-13 H-01 L-03
PA-01 SP-02 ICA-11 AID-05 EB-08 NSC-05 SS-15
STR-07 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /129 W
----------095253 150552Z /21
P 150528Z AUG 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 0026
INFO AMEMBASSY LUXEMBOURG
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO

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USADB

FOR NAC AGENCIES

PASS TREASURYDEP FOR MUNK/SHERK

EO 11652:N/A
TAGS: EAID, EFIN, ADB
SUBJECT: PROPOSED EXTERNAL YEN BORROWING

1. ADB MANAGEMENT IS PROPOSING A BORROWING OF UP TO 15,000,000,000 JAPANESE YEN (APPROXIMATELY US DOLLARS 72 MILLION BASED ON THE BANK'S CURRENT CONVERSION RATE) IN CAPITAL MARKETS OUTSIDE JAPAN AND THE UNITED STATES.
2. INDICATED TERMS AND OTHER RELEVANT INFORMATION RELATING TO THE BORROWING (WHICH ARE TENTATIVE AND SUBJECT FO FINAL NEGOTIATION) ARE:

- A. TYPE OF BORROWING: PUBLIC OFFERING THROUGH AN INTERNATIONAL SYNDICATE MANAGED BY DAIWA SECURITIES CO.,
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LTD. AS LEAD MANAGER.

- B. INTEREST RATE: TO BE DETERMINED BY AUGUST 31, 1978.

- C. MATURITY: TEN YEARS STRAIGHT WITH NO INTERMEDIATE REPAYMENT (I.E., ONE PAYMENT IS MADE AT THE END OF THE PERIOD). BONDS WILL MATURE SEPTEMBER 1, 1988.

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- D. ISSUE PRICE: TO BE DETERMINED BY AUGUST 31, 1978.

- E. COMMISSION: 1.75 PERCENT.

- F. FISCAL AND PAYING AGENT: THE INDUSTRIAL BANK OF JAPAN,

LIMITED WILL ACT AS FISCAL AGENT AND PRINCIPAL AGENCY. RELEVANT FEES ARE:

- I. ANNUAL ADMINISTRATION FEE AS FISCAL AGENT OF 500,000 YEN;

- II. PRINCIPAL PAYING AGENCY FEES OF 25 YEN ON PAYMENT OF INTEREST COUPONS; AND 200 YEN ON REPAYMENT OF PRINCIPAL; AND

- III. OTHER NOMINAL EXPENSES.

- G. STOCK EXCHANGE LISTING: LISTING ON THE STOCK EXCHANGES OF LUXEMBOURG AND SINGAPORE.

- H. COST TO THE BANK: TO BE FINALLY CALCULATED WHEN THE INTEREST RATE, ISSUE PRICE AND OTHER TERMS ARE NEGOTIATED BY AUGUST 31, 1978.
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3. PURSUANT TO ARTICLE 21, PARAGRAPH (I) OF THE AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK, THE GOVERNMENT OF JAPAN AHS BEEN REQUESTED TO GRANT THE NECESSARY APPROVALS WITH RESPECT TO THE PROPOSED BORROWING. IN ADDITION, PURSUANT TO ARTICLE 21, PARAGRAPHS (I) AND (II), THE GOVERNMENTS OF THE COUNTRIES OF THE MANAGERS WILL BE REQUESTED TO GRANT THE NECESSARY APPROVALS WITH RESPECT TO THE PROPOSED BORROWING. RESPONSES TO THESE REQUESTS ARE EXPECTED TO BE RECEIVED PRIOR TO THE MEETING AT WHICH THE ADB BOARD OF DIRECTORS CONSIDERS THE DRAFT RESOLUTION.

4. BACKGROUND: ADB IS ONE OF ONLY FOUR INTERNATIONAL ORGANIZATIONS CURRENTLY QUALIFIED TO ISSUE BONDS DENOMINATED IN YEN OUTSIDE JAPAN. TO DATE ONLY THE EUROPEAN INVESTMENT BANK (EIB) AND IBRD HAVE MADE SUCH OFFERINGS (IN APRIL AND AUGUST, RESPECTIVELY, LAST YEAR). (THE IADB HAS NOT YET ISSUED BONDS IN EXTERNAL YEN.) THE ADB OFFERING WILL BE LISTED NOT ONLY ON THE LUXEMBOURG STOCK EXCHANGE (AS IN THE CASES OF THE EIB AND IBRD OFFERINGS) BUT ALSO ON THE STOCK EXCHANGE OF SINGAPORE, LTD. TO ASSIST THE SALE OF THE BONDS IN ASIA AS WELL AS IN EUROPE.

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5. THE SECONDARY MARKET YIELDS FOR THE EIB AND IBRD ISSUES, BOTH OF WHICH HAVE SEVEN YEAR MATURITIES, ARE NOW APPROXIMATELY 5.50 TO 5.75 PERCENT. THE LEAD MANAGER AND SEVERAL OTHER UNDERWRITERS HAVE INDICATED THAT A GOOD DEMAND FOR THESE OBLIGATIONS EXISTS BECAUSE YEN-DENOMINATED BONDS ARE CURRENTLY POPULAR WITH INVESTORS. THEREFORE, BANK MANAGEMENT BELIEVES IT SHOULD BE ABLE TO MAKE A SUCCESSFUL OFFERING AT THIS TIME. IT IS EXPECTED THAT THE BANK WILL BE able TO OFFER THE BONDS WITH A TEN-YEAR MATURITY, MAKING IT THE FIRST EXTERNAL YEN ISSUE WHOSE MATURITY EXCEEDS SEVEN YEARS.

6. SUBJECT TO ACCEPTABLE TERMS BEING NEGOTIATED, THE ADB
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PRESIDENT RECOMMENDS THAT THE BOARD AUTHORIZE THE PROPOSED BORROWING.

7. ADB DOC. R78-78 ON THE ABOVE SUBJECT WAS POUCHED AUGUST 14 AND WILL BE CONSIDERED BY THE BOARD ON AUGUST 31. NAC GUIDANCE IS REQUESTED. EDMOND

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 15 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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Litigation Codes:
Litigation History:
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Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1737854
Secure: OPEN
Status: NATIVE
Subject: PROPOSED EXTERNAL YEN BORROWING
TAGS: EAID, EFIN, ADB
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/2c048663-c288-dd11-92da-001cc4696bcc
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